

# City of Santa Fe, New Mexico

200 Lincoln Avenue, P.O. Box 909, Santa Fe, N.M. 87504-0909

Larry A. Delgado, *Mayor*  
Jim Romero, *City Manager*

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## *Councilors:*

Carol Robertson-Lopez, Mayor Pro Tem, Dist. 4  
Patti J. Bushee, Dist. 1  
David Pfeffer, Dist. 1  
Karen Heldmeyer, Dist. 2  
Rebecca Wurzbarger, Dist. 2  
Miguel M. Chavez, Dist. 3  
David Coss, Dist. 3  
Matthew E. Ortiz, Dist. 4

February 19, 2004

Docket No. 04-06  
Communications Division  
Public Information Room, Mailstop 1-5  
Office of the Comptroller of the Currency  
250 E St. SW,  
Washington 20219

Docket No. R-1181  
Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington DC 20551

Robert E. Feldman  
Executive Secretary  
Attention: Comments  
Federal Deposit Insurance Corporation  
550 17th St NW  
Washington DC 20429

Regulation Comments, Attention: No. 2004-04  
Chief Counsel's Office  
Office of Thrift Supervision  
1700 G Street NW  
Washington DC 20552

Dear Officials of Federal Bank and Thrift Agencies:

On behalf of the City of Santa Fe, I urge you to withdraw the proposed changes to the Community Reinvestment Act (CRA) regulations because the proposed changes will roll back many of the accomplishments made in community reinvestment. Since its enactment, CRA has been instrumental in increasing access to homeownership, boosting economic development, and expanding small businesses in the nation's minority, immigrant, and low- and moderate-income communities.

The proposed changes will eliminate the investment and service parts of the CRA exam for banks and thrifts with assets between \$250 and \$500 million. These changes will reduce the rigor of CRA

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*"Committed to our community, and making a difference"*

exams for 1,111 banks that account for more than \$387 billion in assets. I am concerned that the elimination of the investment and service tests for more than 1,100 banks may result in less access to banking services and capital for under-served communities, including minorities and low- and moderate-income people.

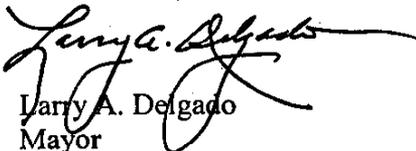
The proposed predatory lending standard contains an anti-predatory screen that will actually perpetuate abusive lending. Whereas, the proposed standard states that loans based on the foreclosure value of the collateral, instead of the ability of the borrower to repay, can result in downgrades in CRA ratings. However, the asset-based standard falls short because it does not cover many instances of predatory lending.

Specifically, under the proposed standard, CRA exams will allow abusive lending because the standard does not address the problems of the packing of fees into mortgage loans, high prepayment penalties, loan flipping, mandatory arbitration and other abuses. In addition, an anti-predatory standard must apply to all loans made by the bank and all of its affiliates, not just real-estate secured loans issued by the bank in its "assessment area" as proposed by the agencies.

The proposed changes to CRA will directly undercut the Administration's emphasis on minority homeownership and immigrant access to jobs and banking services. Moreover, the proposal's anti-predatory lending standard and stream-lined exams threaten CRA's statutory purpose of the safe and sound provision of credit and deposit services.

In closing the proposed changes to the CRA statute will impede the progress made in community reinvestment and reduce the ability of the general public to hold financial institutions accountable for compliance with consumer protection laws. Thank you for your attention to this critical matter.

Sincerely,



Larry A. Delgado  
Mayor

cc: President George W. Bush, Treasury Secretary John W. Snow and the National Community Reinvestment Coalition